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Wynn Macau, Limited

永利澳門有限公司\*

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1128 and Debt Stock Code: 5279, 5280)**

## **INSIDE INFORMATION**

# **UNAUDITED RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF FISCAL 2019 OF OUR CONTROLLING SHAREHOLDER, WYNN RESORTS, LIMITED AND CONCLUSION OF INVESTIGATIONS ON WYNN RESORTS, LIMITED**

This announcement is issued pursuant to Rules 13.09 and 37.47B of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our controlling shareholder, Wynn Resorts, Limited has, on or about 8 August 2019 (1:20 p.m., Las Vegas time), released its unaudited results for the second quarter ended 30 June 2019 and the first half of fiscal 2019 ended 30 June 2019.

The investigations on Wynn Resorts, Limited (and its affiliates, as applicable) by the Nevada Gaming Control Board and the Massachusetts Gaming Commission stemming from the allegations against Wynn Resorts' former Chairman and Chief Executive Officer concluded during the second quarter of 2019.

## **Unaudited Results for the Second Quarter and the First Half of Fiscal 2019 of Wynn Resorts, Limited**

This announcement is issued by Wynn Macau, Limited (“we” or our “**Company**”) pursuant to Rule 13.09 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Our Company's controlling shareholder, Wynn Resorts, Limited, is a company listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) Global Select Market in the United States. As at the date of this announcement, Wynn Resorts, Limited beneficially owns approximately 72% of the issued share capital of our Company.

\* For identification purposes only.

Reference is made to our announcement on 7 August 2019 (the “**WRL Earnings Release Announcement**”) in respect of the release by our controlling shareholder, Wynn Resorts, Limited, of its unaudited financial results for the second quarter ended 30 June 2019 and the first half of fiscal 2019 ended 30 June 2019. Unless otherwise defined in this announcement, terms defined in the WRL Earnings Release Announcement have the same meaning when used in this announcement.

Further to the WRL Earnings Release Announcement, Wynn Resorts, Limited has, on or about 8 August 2019, 1:20 p.m., Las Vegas time, released its quarterly report with unaudited financial results for the second quarter ended 30 June 2019 and the first half of fiscal 2019 ended 30 June 2019 (“**WRL Quarterly Report**”). If you wish to review the WRL Quarterly Report prepared by Wynn Resorts, Limited and as filed with the U.S. Securities and Exchange Commission, please visit <https://www.sec.gov/Archives/edgar/data/1174922/000117492219000080/0001174922-19-000080-index.htm>. The WRL Quarterly Report contains segment financial information about Wynn Resorts, Limited’s Macau operations, which are owned by our Company. The WRL Quarterly Report is also available in the public domain.

The financial results of Wynn Resorts, Limited, including those contained in the WRL Quarterly Report, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards (“**IFRS**”) that we use to prepare and present our financial information. As such, the financial information in the WRL Quarterly Report is not directly comparable to the financial results our Company discloses. Consequently, we offer no indication or assurance that the financial results of our Group for the second quarter ended 30 June 2019 will be the same as that presented in the WRL Quarterly Report. In the WRL Earnings Release Announcement, we announced our unaudited financial results for the second quarter ended 30 June 2019 prepared in accordance with IFRS.

To ensure that all shareholders and potential investors of our Company have equal and timely access to the information pertaining to our Company, set forth below are the key highlights of financial information and other information published by Wynn Resorts, Limited in the WRL Quarterly Report that relate to our Company and our operations in Macau (unless otherwise provided, all dollar amounts in the WRL Quarterly Report are denominated in United States dollars), some of which may constitute material inside information of the Company:

**“QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2019**

**Part I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**WYNN RESORTS, LIMITED AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)**

**Note 2 — Basis of Presentation and Significant Accounting Policies**

*Leases*

*Lessee Arrangements*

*The Company is the lessee under non-cancelable real estate and equipment leases. Beginning on January 1, 2019 (the date of the Company’s adoption of Topic 842, as defined and discussed further in “Recently Adopted Accounting Standards”), operating lease assets and liabilities are measured and recorded upon lease commencement at the present value of the future minimum lease payments. The Company combines lease and nonlease components in its determination of minimum lease payments, except for certain asset classes that have significant nonlease components. As the interest rate implicit in its leases is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of lease payments. The Company does not record an asset or liability for operating leases with a term of less than one year. Variable lease costs generally arise from changes in an index, such as the consumer price index. Variable lease costs are expensed as incurred and are not included in the determination of lease assets or liabilities. Prior to the adoption of Topic 842 on January 1, 2019, the Company did not record an asset or liability for any of its operating leases.*

*Lessor Arrangements*

*The Company is the lessor under non-cancelable operating leases for retail and food and beverage outlet space at its integrated resorts, which represents approximately 96,000, 59,000, and 142,000 square feet of space at Wynn Palace, Wynn Macau, and Wynn Las Vegas, respectively. The lease arrangements generally include minimum base rent and contingent rental clauses based on a percentage of net sales. Generally, the terms of the leases range between five and 10 years. The Company records revenue on a straight-line basis over the term of the lease, and recognizes revenue for contingent rentals when the contingency has been resolved. The Company has elected to combine lease and nonlease components for the purpose of measuring lease revenue. Revenue is recorded in entertainment, retail and other revenue on the Condensed Consolidated Statements of Operations.*

## Recently Adopted Accounting Standards

### Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (“Topic 842”), which requires recognition of lease assets and liabilities on the balance sheet and disclosure of additional information about leasing activities. The Company adopted this standard using a modified retrospective transition approach with an initial application date of January 1, 2019. As a result, prior periods were not retrospectively adjusted and are not comparable to current periods. The Company elected the practical expedient permitting lessees to carry forward historical lease classifications for existing arrangements. The following is a summary of the significant impacts on the Company’s balance sheet as of January 1, 2019:

- The Company recognized operating lease assets and liabilities of \$154.1 million, which represented the discounted future minimum lease payments of all existing leases on the initial application date.
- The net carrying amount of a definite-lived intangible asset, which related to a leasehold interest in land and totaled \$88.1 million, was reclassified to operating lease assets.
- Leasehold interests in land, net, which totaled \$206.9 million, were reclassified to operating lease assets from property and equipment, net.
- Certain other initial direct cost assets, prepaid lease assets, and deferred rent accrued liabilities were reclassified to operating lease assets.

As the Company elected to carry forward historical lease classifications, an arrangement concluded to contain a capital lease under the previous standard was deemed a finance lease under Topic 842, with no resultant change in accounting other than the reclassification of associated initial direct costs from other assets to property and equipment, net. There was no impact on the Company’s operating income, net income or cash flows as a result of adopting Topic 842.

## Note 3 — Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consisted of the following (in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Restricted cash <sup>(3)</sup>	4,481	4,322

(3) Restricted cash consists of cash collateral associated with an obligation and cash held in a trust in accordance with WML’s share award plan.

## Note 6 — Long-Term Debt

Long-term debt consisted of the following (in thousands):

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<b>Macau Related:</b>		
<b>Wynn Macau Credit Facilities:</b>		
Senior Term Loan Facility, due 2022 <sup>(1)</sup>	\$2,299,070	\$2,296,999
Senior Revolving Credit Facility, due 2022 <sup>(2)</sup>	99,917	623,921
4 <sup>7</sup> / <sub>8</sub> % Senior Notes, due 2024	600,000	600,000
5 <sup>1</sup> / <sub>2</sub> % Senior Notes, due 2027	750,000	750,000

(1) Approximately \$1.31 billion and \$994.1 million of the Wynn Macau Senior Term Loan Facility bears interest at a rate of LIBOR plus 1.75% per year and HIBOR plus 1.75% per year, respectively. As of June 30, 2019, the weighted average interest rate was approximately 4.19%.

(2) Approximately \$57.0 million and \$42.9 million of the Wynn Macau Senior Revolving Credit Facility bears interest at a rate of LIBOR plus 1.75% per year and HIBOR plus 1.75% per year, respectively. As of June 30, 2019, the weighted average interest rate was approximately 4.20%, and the available borrowing capacity was \$648.5 million.

## Note 7 — Stockholders' Equity

### Noncontrolling Interests

On June 19, 2019, WML paid a cash dividend of HK\$0.45 per share for a total of \$298.0 million. The Company's share of this dividend was \$215.0 million with a reduction of \$83.0 million to noncontrolling interest in the accompanying Condensed Consolidated Balance Sheet.

On April 25, 2018, WML paid a cash dividend of HK\$0.75 per share for a total of \$497.1 million. The Company's share of this dividend was \$358.8 million with a reduction of \$138.3 million to noncontrolling interest in the accompanying Condensed Consolidated Balance Sheet.

## Note 11 — Income Taxes

Wynn Macau SA received a five year exemption from Macau's 12% Complementary Tax on casino gaming profits through December 31, 2020. Accordingly, for the three months ended June 30, 2019 and 2018, the Company was exempt from the payment of such taxes totaling \$19.8 million and \$20.0 million, respectively. For the six months ended June 30, 2019 and 2018, the Company was exempt from the payment of such taxes totaling \$42.6 million and \$46.9 million, respectively. The Company's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its concession agreement.

## **Note 13 — Leases**

### *Ground Leases*

#### *Macau Land Concessions*

*Wynn Palace and Wynn Macau were built on land that is leased under Macau land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively, which may be renewed with government approval for successive 10-year periods in accordance with Macau legislation. The land concession payments are expected to be \$1.6 million per year through 2023 and total payments of \$17.1 million thereafter through 2037. At June 30, 2019, the total liability associated with these leases was \$15.6 million.*

*At June 30, 2019, operating lease assets included \$197.3 million of leasehold interests in land related to the Wynn Palace and Wynn Macau land concessions. The Company expects that the amortization associated with these leasehold interests will be approximately \$12.6 million per year from 2020 through 2028 and approximately \$9.2 million thereafter through 2037.*

## **Note 14 — Commitments and Contingencies**

### *Litigation*

*In addition to the actions noted below, the Company and its affiliates are involved in litigation arising in the normal course of business. In the opinion of management, such litigation is not expected to have a material effect on the Company's financial condition, results of operations and cash flows.*

#### *Aruze and Affiliates Litigation*

*On February 18, 2012, the Board of Directors of Wynn Resorts determined that Universal Entertainment Corp., Aruze (together with Universal Entertainment Corp, the "Universal Parties") and Kazuo Okada, and the related parties (collectively, the "Okada Parties") were "unsuitable persons" under the Company's articles and redeemed and canceled Aruze's 24,549,222 shares of Wynn Resorts' common stock, and, pursuant to its articles of incorporation, Wynn Resorts issued the Redemption Note to Aruze in redemption of the shares. The next day, Wynn Resorts filed an action alleging breaches of fiduciary duty and related claims (the "Redemption Action"). The Okada Parties denied the claims and asserted counterclaims.*

*On March 8, 2018, the Company entered into a settlement agreement (the “Settlement Agreement”) by and between the Company and its individual directors and officers (the “Wynn Parties”), and the Universal Parties. The Settlement Agreement resolved all legal proceedings pending between the settling parties in the Redemption Action. The Universal Parties further released any claims against the Wynn Parties and their affiliates in any other jurisdiction, including a proceeding pending in Macau against Wynn Resorts (Macau) S.A. (“Wynn Macau SA”) and certain related individuals (“Macau Litigation”). Subsequently the Company voluntarily dismissed its claim for breach of fiduciary duty against Kazuo Okada.*

*On July 3, 2015, Wynn Macau, Limited announced that the Okada Parties filed a complaint in the Court of First Instance of Macau (“Macau Court”) against Wynn Macau SA and certain individuals who are or were directors of Wynn Macau SA or WML (collectively, the “Wynn Macau Parties”). On July 11, 2017, the Macau Court dismissed all of the Okada Parties’ claims as unfounded, fined the Okada Parties, and ordered the Okada Parties to pay for court costs and the Wynn Macau Parties’ attorney’s fees. On or about October 16, 2017, the Okada Parties formally appealed in Macau. On February 21, 2019, the Macau Appellate Panel dismissed the appeal. Mr. Okada, who was at that time the only remaining claimant after the Universal Parties’ withdrawal pursuant to the Settlement Agreement, failed to appeal within the prescribed time, resulting in the final resolution of the lawsuit in favor of the Wynn Macau Parties.*

## Note 16 — Segment Information

The Company reviews the results of operations for each of its operating segments, and identifies reportable segments based upon such factors as geography, regulatory environment, and the Company's organizational and management reporting structure. Wynn Macau and Encore, an expansion at Wynn Macau, are managed as a single integrated resort and have been aggregated as one reportable segment ("Wynn Macau"). Wynn Palace is presented as a separate reportable segment and is combined with Wynn Macau for geographical presentation.

Other Macau primarily represents the assets for the Company's Macau holding company.

The following tables present the Company's segment information (in thousands):

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 30,</i>		<i>June 30,</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<b>Operating revenues</b>				
<i>Macau Operations:</i>				
<i>Wynn Palace</i>				
<i>Casino</i>	\$528,545	\$525,026	\$1,151,720	\$1,093,487
<i>Rooms</i>	43,183	40,724	86,498	81,165
<i>Food and beverage</i>	28,810	26,111	57,434	52,900
<i>Entertainment, retail and other<sup>(1)</sup></i>	28,378	28,725	59,886	58,880
	<b>628,916</b>	<b>620,586</b>	<b>1,355,538</b>	<b>1,286,432</b>
 <i>Wynn Macau</i>				
<i>Casino</i>	481,204	473,267	931,446	1,012,302
<i>Rooms</i>	26,465	27,072	55,331	55,484
<i>Food and beverage</i>	20,129	17,904	41,105	37,500
<i>Entertainment, retail and other<sup>(1)</sup></i>	18,676	25,041	42,483	56,239
	<b>546,474</b>	<b>543,284</b>	<b>1,070,365</b>	<b>1,161,525</b>
<b>Total Macau Operations</b>	<b>1,175,390</b>	<b>1,163,870</b>	<b>2,425,903</b>	<b>2,447,957</b>

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<i>June 30,</i>		<i>June 30,</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<b>Adjusted Property EBITDA<sup>(2)</sup></b>				
<i>Macau Operations:</i>				
<i>Wynn Palace</i>	\$167,165	\$179,265	\$389,751	\$391,176
<i>Wynn Macau</i>	175,873	172,928	339,762	382,750
<b>Total Macau Operations</b>	<b>343,038</b>	<b>352,193</b>	<b>729,513</b>	<b>773,926</b>

(1) Includes lease revenue accounted for under lease accounting guidance. For more information on leases, see Note 13, "Leases".

(2) Adjusted Property EBITDA is net income (loss) before interest, income taxes, depreciation and amortization, litigation settlement expense, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other, stock-based compensation, gain on extinguishment of debt, change in derivatives fair value, change in Redemption Note fair value and other non-operating income and expenses. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, as well as a basis for determining certain incentive compensation. The Company also presents Adjusted Property EBITDA because it is used by some investors to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their EBITDA calculations pre-opening expenses, property charges, corporate expenses and stock-based compensation, that do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income as an indicator of the Company's performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income, Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or future capital expenditures or the cost of capital. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, the Company's calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

	<i>June 30,</i>	<i>December 31,</i>
	<i>2019</i>	<i>2018</i>
<b>Assets</b>		
<i>Macau Operations:</i>		
<i>Wynn Palace</i>	\$3,803,032	\$3,858,904
<i>Wynn Macau</i>	1,450,112	1,903,921
<i>Other Macau</i>	83,174	68,487
<b>Total Macau Operations</b>	<b>5,336,318</b>	<b>5,831,312</b>

## ***Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations***

### ***Overview***

*We are a designer, developer, owner and operator of destination casino resorts. In the Macau Special Administrative Region of the People’s Republic of China (“Macau”), we own approximately 72% of Wynn Macau, Limited (“WML”), which includes the operations of the Wynn Palace and Wynn Macau resorts, which we refer to as our Macau Operations.*

### ***Macau Operations***

*We operate our Macau Operations under a 20-year casino concession agreement granted by the Macau government in June 2002. We lease from the Macau government approximately 51 acres of land in the Cotai area of Macau where Wynn Palace is located and 16 acres of land in downtown Macau’s inner harbor where Wynn Macau is located.*

*Wynn Palace features the following as of June 30, 2019:*

- Approximately 424,000 square feet of casino space, offering 24-hour gaming and a full range of games with 323 table games and 1,142 slot machines, private gaming salons and sky casinos;*
- A luxury hotel with a total of 1,706 guest rooms, suites and villas;*
- 14 food and beverage outlets;*
- Approximately 106,000 square feet of high-end, brand-name retail space;*
- Approximately 37,000 square feet of meeting and convention space;*
- Recreation and leisure facilities, including a gondola ride, health club, spa, salon and pool; and*
- Public attractions including a performance lake, floral art displays and fine art displays.*

*Wynn Macau features the following as of June 30, 2019:*

- Approximately 272,000 square feet of casino space, offering 24-hour gaming and a full range of games with 312 table games and 827 slot machines, private gaming salons, sky casinos and a poker pit;*
- Two luxury hotel towers with a total of 1,008 guest rooms and suites;*
- 12 food and beverage outlets;*

- *Approximately 59,000 square feet of high-end, brand-name retail space;*
- *Approximately 31,000 square feet of meeting and convention space;*
- *Recreation and leisure facilities, including two health clubs, spas, a salon and a pool; and*
- *A rotunda show featuring a Chinese zodiac-inspired ceiling along with gold “prosperity tree” and “dragon of fortune” attractions.*

*In response to our evaluation of our Macau Operations and our commitment to creating a unique customer experience, we have made and expect to continue to make enhancements and refinements to these resorts.*

### *Construction and Development Opportunities*

*We have begun a reconfiguration of the current Wynn Club gaming area at Wynn Macau. When completed, the enhanced space will consist of approximately 40 mass market table games, a refurbished high-limit slot area, two new restaurants and approximately 7,000 square feet of retail space, and will provide for improved pedestrian access from the boardwalk. We estimate the total project budget to be approximately \$62 million. We expect to complete the gaming enhancements and open the new restaurants and retail space at varying times in the fourth quarter of 2019 and first quarter of 2020.*

*We are in the preliminary planning and design stages of developing the Crystal Pavilion at Wynn Palace. We expect the Crystal Pavilion will become a unique world-class cultural destination, incorporating an art museum, an immersive theater and interactive installations, an expansive food hall, additional hotel rooms, and several signature entertainment features. We estimate construction of the initial phase of the Crystal Pavilion will begin in late 2021.*

### **Key Operating Measures**

*Certain key operating measures specific to the gaming industry are included in our discussion of our operational performance for the periods for which the Consolidated Statements of Operations are presented. These key operating measures are defined below:*

- *Table drop in mass market for our Macau Operations is the amount of cash that is deposited in a gaming table’s drop box plus cash chips purchased at the casino cage.*
- *Rolling chips are non-negotiable identifiable chips that are used to track turnover for purposes of calculating incentives within our Macau Operations’ VIP program.*
- *Turnover is the sum of all losing rolling chip wagers within our Macau Operations’ VIP program.*
- *Table games win is the amount of table drop or turnover that is retained and recorded as casino revenues. Table games win is before discounts, commissions and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis.*

- *Slot machine win is the amount of handle (representing the total amount wagered) that is retained by us and is recorded as casino revenues. Slot machine win is after adjustment for progressive accruals and free play, but before discounts and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis.*
- *Average daily rate (“ADR”) is calculated by dividing total room revenues, including complimentary (less service charges, if any), by total rooms occupied.*
- *Revenue per available room (“REVPAR”) is calculated by dividing total room revenues, including complimentary (less service charges, if any), by total rooms available.*
- *Occupancy is calculated by dividing total occupied rooms, including complimentary rooms, by the total rooms available.*

*Below is a discussion of the methodologies used to calculate win percentages at our resorts.*

*In our VIP operations in Macau, customers primarily purchase rolling chips from the casino cage and can only use them to make wagers. Winning wagers are paid in cash chips. The loss of the rolling chips in the VIP operations is recorded as turnover and provides a base for calculating VIP win percentage. It is customary in Macau to measure VIP play using this rolling chip method. We expect our win as a percentage of turnover from these operations to be within the range of 2.7% to 3.0%.*

*In our mass market operations in Macau, customers may purchase cash chips at either the gaming tables or at the casino cage. The measurements from our VIP and mass market operations are not comparable as the measurement method used in our mass market operations tracks the initial purchase of chips at the table and at the casino cage, while the measurement method from our VIP operations tracks the sum of all losing wagers. Accordingly, the base measurement from the VIP operations is much larger than the base measurement from the mass market operations. As a result, the expected win percentage with the same amount of gaming win is lower in the VIP operations when compared to the mass market operations.*

## **Results of Operations**

### *Summary of second quarter 2019 results*

*The increase in operating revenues for the three months ended June 30, 2019 was driven by increases of \$8.3 million, and \$3.2 million, \$22.6 million from Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively.*

*The increase in Adjusted Property EBITDA for the three months ended June 30, 2019 was driven by increases of \$2.9 million and \$13.2 million from Wynn Macau and our Las Vegas Operations, respectively, partially offset by a decrease of \$12.1 million from Wynn Palace.*

**Financial results for the three months ended June 30, 2019 compared to the three months ended June 30, 2018.**

*Operating revenues*

The following table presents our operating revenues (dollars in thousands):

	<b>Three Months Ended June 30,</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>2019</b>	<b>2018</b>		
<b>Operating revenues</b>				
<i>Macau Operations:</i>				
Wynn Palace	\$628,916	\$620,586	\$8,330	1.3
Wynn Macau	546,474	543,284	3,190	0.6
<b>Total Macau Operations</b>	<b>1,175,390</b>	<b>1,163,870</b>	<b>11,520</b>	<b>1.0</b>

*Casino revenues*

Casino revenues increased primarily due to increased mass market table drop and table games win percentage at our Macau Operations and increased table drop and table games win percentage at our Las Vegas Operations, partially offset by decreased VIP turnover at our Macau Operations. The table below sets forth our casino revenues and associated key operating measures (dollars in thousands, except for win per unit per day):

	<b>Three Months Ended June 30,</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>2019</b>	<b>2018</b>		
<b>Macau Operations:</b>				
<i>Wynn Palace:</i>				
Total casino revenues	\$528,545	\$525,026	\$3,519	0.7
<b>VIP:</b>				
Average number of table games	112	115	(3)	(3.2)
VIP turnover	\$13,388,646	\$14,029,065	\$(640,419)	(4.6)
VIP table games win	\$404,408	\$420,181	\$(15,773)	(3.8)
VIP win as a % of turnover	3.02%	3.00%	0.02	
Table games win per unit per day	\$39,827	\$40,036	\$(209)	(0.5)

**Three Months Ended  
June 30,**

	<b>2019</b>	<b>2018</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Mass market:</b>				
Average number of table games	214	211	3	1.6
Table drop	\$1,267,153	\$1,218,863	\$48,290	4.0
Table games win	\$296,852	\$280,568	\$16,284	5.8
Table games win %	23.4%	23.0%	0.4	
Table games win per unit per day	\$15,232	\$14,632	\$600	4.1
Average number of slot machines	1,099	1,069	30	2.8
Slot machine handle	\$937,842	\$940,972	\$(3,130)	(0.3)
Slot machine win	\$43,567	\$44,164	\$(597)	(1.4)
Slot machine win per unit per day	\$436	\$454	\$(18)	(4.1)
<b>Wynn Macau:</b>				
Total casino revenues	\$481,204	\$473,267	\$7,937	1.7
<b>VIP:</b>				
Average number of table games	110	112	(2)	(1.8)
VIP turnover	\$9,275,628	\$13,928,463	\$(4,652,835)	(33.4)
VIP table games win	\$305,809	\$357,166	\$(51,357)	(14.4)
VIP win as a % of turnover	3.30%	2.56%	0.74	
Table games win per unit per day	\$30,560	\$35,044	\$(4,484)	(12.8)
<b>Mass market:</b>				
Average number of table games	205	204	1	0.7
Table drop	\$1,347,435	\$1,293,154	\$54,281	4.2
Table games win	\$279,127	\$252,038	\$27,089	10.7
Table games win %	20.7%	19.5%	1.2	
Table games win per unit per day	\$14,929	\$13,577	\$1,352	10.0
Average number of slot machines	827	922	(95)	(10.2)
Slot machine handle	\$925,784	\$963,635	\$(37,851)	(3.9)
Slot machine win	\$42,815	\$40,426	\$2,389	5.9
Slot machine win per unit per day	\$569	\$482	\$87	18.0

## Non-casino revenues

The table below sets forth our room revenues and associated key operating measures:

	<b>Three Months Ended</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>June 30,</b>			
	<b>2019</b>	<b>2018</b>		
<b>Macau Operations:</b>				
<i>Wynn Palace:</i>				
<i>Total room revenues</i>				
<i>(dollars in thousands)</i>	\$43,183	\$40,724	\$2,459	6.0
<i>Occupancy</i>	97.4%	96.2%	1.2	
<i>ADR</i>	\$265	\$254	\$11	4.1
<i>REVPAR</i>	\$258	\$245	\$13	5.3
<i>Wynn Macau:</i>				
<i>Total room revenues</i>				
<i>(dollars in thousands)</i>	\$26,465	\$27,072	\$(607)	(2.2)
<i>Occupancy</i>	98.9%	99.4%	(0.5)	
<i>ADR</i>	\$281	\$272	\$9	3.2
<i>REVPAR</i>	\$278	\$271	\$7	2.6

Room revenues increased \$12.8 million, primarily driven by higher ADR and occupancy at Wynn Palace and our Las Vegas Operations, partially offset by rooms out of service for renovations at Wynn Macau.

Food and beverage revenues increased \$3.2 million, primarily driven by increased covers at our high-volume restaurants at our Macau Operations.

Entertainment, retail and other revenues decreased \$5.5 million, primarily due to the closure of certain owned retail outlets at Wynn Macau and their conversion to leased outlets beginning in the first quarter of 2019.

## Operating expenses

Food and beverage expenses increased \$4.3 million, \$3.3 million, and \$2.5 million at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. The increases at Wynn Palace and Wynn Macau were driven by incremental costs associated with opening new food and beverage outlets at Wynn Palace and increased costs of goods sold.

Entertainment, retail and other expenses decreased \$3.1 million, primarily due to the closure of certain owned retail outlets at Wynn Macau and their conversion to leased outlets beginning in the first quarter of 2019.

General and administrative expenses increased \$2.8 million, \$4.0 million, and \$1.4 million, at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. These increases were primarily attributable to increased payroll costs and property taxes at our Macau Operations and increased advertising costs at our Las Vegas Operations.

The provision for doubtful accounts increased \$4.6 million and \$0.7 million at Wynn Palace and our Las Vegas Operations, respectively. The change was primarily due to the impact of historical collection patterns and current collection trends, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.

#### *Other non-operating income and expenses*

We incurred a foreign currency remeasurement gain of \$11.7 million and a loss of \$1.0 million for the three months ended June 30, 2019 and 2018, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities drove the variability between periods.

#### *Net income attributable to noncontrolling interests*

Net income attributable to noncontrolling interests was \$47.7 million for the three months ended June 30, 2019, compared to \$49.5 million for the same period of 2018. These amounts are primarily related to the noncontrolling interests' share of net income from WML.

### ***Financial results for the six months ended June 30, 2019 compared to the six months ended June 30, 2018.***

#### *Operating revenues*

The following table presents our operating revenues (dollars in thousands):

	<b><i>Six Months Ended June 30,</i></b>		<b><i>Increase/ (Decrease)</i></b>	<b><i>Percent Change</i></b>
	<b><i>2019</i></b>	<b><i>2018</i></b>		
<b><i>Operating revenues</i></b>				
<i>Macau Operations:</i>				
Wynn Palace	\$1,355,538	\$1,286,432	\$69,106	5.4
Wynn Macau	1,070,365	1,161,525	(91,160)	(7.8)
<b><i>Total Macau Operations</i></b>	<b><i>2,425,903</i></b>	<b><i>2,447,957</i></b>	<b><i>(22,054)</i></b>	<b><i>(0.9)</i></b>

## Casino revenues

Casino revenues decreased primarily due to decreased VIP turnover at our Macau Operations, partially offset by increased table drop in mass market at our Macau Operations. The table below sets forth our casino revenues and associated key operating measures (dollars in thousands, except for win per unit per day):

	<b>Six Months Ended</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>June 30,</b>			
	<b>2019</b>	<b>2018</b>		
<b>Macau Operations:</b>				
<i>Wynn Palace:</i>				
Total casino revenues	\$1,151,720	\$1,093,487	\$58,233	5.3
<b>VIP:</b>				
Average number of table games	112	115	(3)	(3.3)
VIP turnover	\$26,015,909	\$29,414,898	\$(3,398,989)	(11.6)
VIP table games win	\$897,592	\$820,072	\$77,520	9.5
VIP win as a % of turnover	3.45%	2.79%	0.66	
Table games win per unit per day	\$44,464	\$39,289	\$5,175	13.2
<b>Mass market:</b>				
Average number of table games	212	211	1	0.7
Table drop	\$2,571,076	\$2,436,064	\$135,012	5.5
Table games win	\$612,320	\$590,728	\$21,592	3.7
Table games win %	23.8%	24.2%	(0.4)	
Table games win per unit per day	\$15,929	\$15,482	\$447	2.9
Average number of slot machines	1,095	1,065	30	2.8
Slot machine handle	\$1,912,890	\$1,999,068	\$(86,178)	(4.3)
Slot machine win	\$94,968	\$99,949	\$(4,981)	(5.0)
Slot machine win per unit per day	\$479	\$518	\$(39)	(7.5)
<i>Wynn Macau:</i>				
Total casino revenues	\$931,446	\$1,012,302	\$(80,856)	(8.0)
<b>VIP:</b>				
Average number of table games	111	113	(2)	(1.3)
VIP turnover	\$19,469,660	\$31,015,918	\$(11,546,258)	(37.2)
VIP table games win	\$601,107	\$802,355	\$(201,248)	(25.1)
VIP win as a % of turnover	3.09%	2.59%	0.50	
Table games win per unit per day	\$29,824	\$39,295	\$(9,471)	(24.1)

	<i>Six Months Ended June 30,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2019</i>	<i>2018</i>		
<b>Mass market:</b>				
Average number of table games	206	203	3	1.1
Table drop	\$2,699,128	\$2,615,969	\$83,159	3.2
Table games win	\$543,669	\$508,519	\$35,150	6.9
Table games win %	20.1%	19.4%	0.7	
Table games win per unit per day	\$14,608	\$13,808	\$800	5.8
Average number of slot machines	827	930	(103)	(11.1)
Slot machine handle	\$1,720,151	\$1,966,454	\$(246,303)	(12.5)
Slot machine win	\$80,709	\$82,191	\$(1,482)	(1.8)
Slot machine win per unit per day	\$539	\$488	\$51	10.5

*Non-casino revenues*

The table below sets forth our room revenues and associated key operating measures:

	<i>Six Months Ended June 30,</i>		<i>Increase/ (Decrease)</i>	<i>Percent Change</i>
	<i>2019</i>	<i>2018</i>		
<b>Macau Operations:</b>				
<i>Wynn Palace:</i>				
Total room revenues (dollars in thousands)	\$86,498	\$81,165	\$5,333	6.6
Occupancy	97.3%	96.5%	0.8	
ADR	\$268	\$253	\$15	5.9
REVPAR	\$261	\$244	\$17	7.0
<i>Wynn Macau:</i>				
Total room revenues (dollars in thousands)	\$55,331	\$55,484	\$(153)	(0.3)
Occupancy	99.1%	99.2%	(0.1)	
ADR	\$285	\$282	\$3	1.4
REVPAR	\$283	\$279	\$4	1.4

*Room revenues increased \$13.7 million, primarily driven by higher ADR and occupancy at Wynn Palace and our Las Vegas Operations, partially offset by rooms out of service for renovations at Wynn Macau.*

*Food and beverage revenues increased \$4.2 million, primarily driven by increased covers at our high-volume restaurants at our Macau Operations.*

*Entertainment, retail and other revenues decreased \$14.4 million primarily due to the closure of certain owned retail outlets at Wynn Macau and their conversion to leased outlets beginning in the first quarter of 2019.*

#### *Operating expenses*

*Food and beverage expenses increased \$9.7 million, \$6.3 million, and \$5.2 million at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. The increases at Wynn Palace and Wynn Macau were driven by incremental costs associated with opening new food and beverage outlets at Wynn Palace and increased costs of goods sold.*

*Entertainment, retail and other expenses decreased \$7.1 million, primarily due to the closure of certain owned retail outlets at Wynn Macau and their conversion to leased outlets beginning in the first quarter of 2019.*

*General and administrative expenses increased \$5.5 million, \$8.6 million, and \$3.0 million, at Wynn Palace, Wynn Macau, and our Las Vegas Operations, respectively. These increases were primarily attributable to increased payroll costs and property taxes at our Macau Operations and increased advertising costs at our Las Vegas Operations.*

*The provision for doubtful accounts increased \$4.5 million, \$1.1 million, and \$3.9 million at Wynn Palace, Wynn Macau and our Las Vegas Operations, respectively. The change was primarily due to the impact of historical collection patterns and current collection trends, as well as the specific review of customer accounts, on our estimated allowance for the respective periods.*

#### *Other non-operating income and expenses*

*We incurred a foreign currency remeasurement gain of \$5.4 million and a loss of \$10.2 million for the six months ended June 30, 2019 and 2018, respectively. The changes were primarily due to the impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities.*

#### *Net income attributable to noncontrolling interests*

*Net income attributable to noncontrolling interests was \$102.5 million for the six months ended June 30, 2019, compared to \$116.4 million for the same period of 2018. These amounts are primarily related to the noncontrolling interests' share of net income from WML.*

## **Adjusted Property EBITDA**

We use Adjusted Property EBITDA to manage the operating results of our segments.

The following table summarizes Adjusted Property EBITDA (in thousands) for Wynn Palace, Wynn Macau, Las Vegas Operations, and Corporate and other as reviewed by management and summarized in Item 1 — “Notes to Condensed Consolidated Financial Statements,” Note 16, “Segment Information.”

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>	<u>Six Months Ended</u> <u>June 30,</u>		<u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2019</u>	<u>2018</u>			<u>2019</u>	<u>2018</u>		
Wynn Palace	\$167,165	\$179,265	\$(12,100)	(6.8)	\$389,751	\$391,176	\$(1,425)	(0.4)
Wynn Macau	175,873	172,928	2,945	1.7	339,762	382,750	(42,988)	(11.2)

Adjusted Property EBITDA at Wynn Palace decreased 6.8% and 0.4% for the three and six months ended June 30, 2019, respectively, primarily due to increased food and beverage and general and administrative expenses.

Adjusted Property EBITDA at Wynn Macau increased 1.7% for the three months ended June 30, 2019, primarily due to revenue growth in our mass market table games and slot operations, partially offset by a revenue decrease in our VIP operations. Adjusted Property EBITDA at Wynn Macau decreased 11.2% for the six months ended June 30, 2019, primarily due to lower VIP revenues.

## **Liquidity and Capital Resources**

### **Operating Activities**

Our operating cash flows primarily consist of operating income (excluding depreciation and amortization and other non-cash charges), interest paid and earned, and changes in working capital accounts such as receivables, inventories, prepaid expenses, and payables. Our table games play is a mix of cash play and credit play, while our slot machine play is conducted primarily on a cash basis. A significant portion of our table games revenue is attributable to the play of a limited number of premium international customers who gamble on credit. The ability to collect these gaming receivables may impact our operating cash flow for the period. Our rooms, food and beverage, and entertainment, retail and other revenue is conducted on a cash and credit basis. Accordingly, operating cash flows will be impacted by changes in operating income and accounts receivable, net.

### **Financing Activities**

During the six months ended June 30, 2019, we repaid \$523.7 million, net of amounts borrowed, on the Wynn Macau Senior Revolving Credit Facility, borrowed an additional \$250.0 million term loan under the Wynn Resorts Credit Agreement (as defined below in “Capital Resources”), and used cash of \$270.5 million for the payment of dividends.

In addition, during the six months ended June 30, 2018, we borrowed \$623.3 million under the Macau Senior Revolving Credit Facility, and we used cash of \$270.0 million for the payment of dividends.

### **Capital Resources**

The following table summarizes our unrestricted cash and cash equivalents and available revolver borrowing capacity under the Company as of June 30, 2019 (in thousands):

	<b><u>Total Cash and Cash Equivalents</u></b>	<b><u>Revolver Borrowing Capacity</u></b>
Wynn Macau, Limited	\$748,511	\$648,461

Wynn Macau, Limited generates cash from our Macau Operations, which we expect to use to service our Wynn Macau Credit Facilities and WML Notes, pay dividends to shareholders of WML (of which we own approximately 72%), and fund working capital and capital expenditure requirements. The Wynn Macau Credit Facilities contain customary negative covenants and financial covenants, including, but not limited to, covenants that restrict our ability to pay dividends or distributions to any direct or indirect subsidiaries.

#### *Other Factors Affecting Liquidity*

We may refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of the indebtedness on acceptable terms or at all.

Legal proceedings in which we are involved also may impact our liquidity. No assurance can be provided as to the outcome of such proceedings. In addition, litigation inherently involves significant costs.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. We continue to explore opportunities to develop additional gaming or related businesses in domestic and international markets. There can be no assurances regarding the business prospects with respect to any other opportunity. Any new development would require us to obtain additional financing. We may decide to conduct any such development through Wynn Resorts, Limited or through subsidiaries separate from the Las Vegas or Macau-related entities.

#### *Contractual Commitments*

During the six months ended June 30, 2019, there have been no material changes to the contractual obligations previously reported in our Annual Report on Form 10-K for the year ended December 31, 2018, other than the \$250.0 million WRL Term Loan II, which matures on October 30, 2024, and a net repayment of \$523.7 million on the Wynn Macau Revolving Credit Facility.

### ***Item 3. Quantitative and Qualitative Disclosures About Market Risk***

#### ***Foreign Currency Risks***

*We expect most of the revenues and expenses for any casino that we operate in Macau will be denominated in Hong Kong dollars or Macau patacas; however, a significant portion of our Wynn Macau, Limited debt is denominated in U.S. dollars. Fluctuations in the exchange rates resulting in weakening of the Macau pataca or the Hong Kong dollar in relation to the U.S. dollar could have materially adverse effects on our results, financial condition and ability to service debt. Based on our balances as of June 30, 2019, an assumed 1% change in the U.S. dollar/Hong Kong dollar exchange rate would cause a foreign currency transaction gain/loss of \$26.1 million.”*

#### **Investigations on Wynn Resorts, Limited**

The investigations on Wynn Resorts, Limited (and its affiliates, as applicable) by the Nevada Gaming Control Board and the Massachusetts Gaming Commission stemming from the allegations against Wynn Resorts’ former Chairman and Chief Executive Officer concluded during the second quarter of 2019. It was concluded that Wynn Resorts, Limited and its existing affiliates remain suitable license holders or qualifiers in Nevada and Massachusetts, as applicable. Certain requirements and conditions were placed on Wynn Resorts, Limited and its affiliates, as applicable, in connection with the findings of the investigations including the payment of penalties totaling US\$55 million. The Massachusetts Gaming Commission also assessed a US\$500,000 fine on Mr. Matthew O. Maddox and stipulated certain coaching and/or training requirements on Mr. Maddox and Wynn Resorts, Limited’s employees in Massachusetts.

This announcement contains forward-looking statements. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. The risks and uncertainties include, but are not limited to, competition in the casino/hotel and resorts industries, our Company’s dependence on existing management, levels of travel, leisure and casino spending, general economic conditions, and changes in gaming laws or regulations. Additional information concerning potential factors that could affect our Company’s financial results are included in our published interim and annual reports. We are under no obligation to (and expressly disclaim any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise.

Our shareholders and potential investors are advised not to place undue reliance on the WRL Quarterly Report and to exercise caution in dealing in securities in our Company.

By order of the Board  
**Wynn Macau, Limited**  
**Dr. Allan Zeman**  
Chairman

Hong Kong, 9 August 2019

*As at the date of this announcement, the Board comprises Matthew O. Maddox and Ian Michael Coughlan (as Executive Directors); Linda Chen (as Executive Director and Vice Chairman); Craig S. Billings (as Non-Executive Director); Allan Zeman (as Independent Non-Executive Director and Chairman); and Jeffrey Kin-fung Lam, Bruce Rockowitz, Nicholas Sallnow-Smith and Leah Dawn Xiaowei Ye (as Independent Non-Executive Directors).*